Management’s Discussion and Analysis

For the year ended December 31, 2018

Overview

The following Management’s Discussion and Analysis (“MD&A”) provides additional analysis of the operations, financial position and financial performance of Aylen Capital Inc. (“Aylen” or the “Company”) for the year ended December 31, 2018. It is supplementary information and should be read in conjunction with the Company’s financial statements and accompanying notes for the year ended December 31, 2018. Reference should also be made to the Company’s filings with the Canadian securities regulatory authorities that are available at www.sedar.com.

This MD&A is the responsibility of the management. The Board of Directors carries out its responsibility for the review of this disclosure principally through its audit committee which is comprised of a majority of independent directors. The audit committee reviews and, prior to its publication and pursuant to the authority delegated to it by the Board of Directors, approves this disclosure.

Aylen was incorporated on October 28, 2010 under the Canada Business Corporations Act. Aylen carries on a web-based survey and data collection business based in Markham, Ontario under the name Grapevine Solutions (“Grapevine”) as an unincorporated division of Aylen.

Aylen is a publicly-traded company listed on the Canadian Securities Exchange under the symbol “AYL”.

FORWARD-LOOKING STATEMENTS

Matters may be included in this MD&A that constitute "forward-looking" information within the meaning of Canadian securities law. Such forward-looking statements may be identified by words such as "plans", "proposes", "estimates", "intends", "expects", "believes", "may" or words of a similar nature. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include among others, regulatory risks, risk inherent in foreign operations, commodity prices and competition. Most of these factors are outside the control of the Company. All subsequent forward-looking statements attributable to the Company or its agents are expressly qualified in their entirety by these cautionary comments. Except as otherwise required by applicable securities statutes or regulation, the Company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

Overall Performance in the Year 2018

The revenues of the Grapevine business decreased 28% in 2018 from 2017, primarily as a result of less effective sales and marketing efforts and increased competition in the year. This decrease was offset somewhat by the continuing discount in the value of the Canadian dollar against the US dollar during the year which had a positive effect on revenues, since a majority of Grapevine’s customers are based in the US and are billed in US dollars.

At December 31, 2018, the Company had cash and cash equivalents of $725,000.

The Grapevine Business

Grapevine, which operates as a division of Aylen, was acquired by Centiva Capital Inc. (“Centiva”), the Company’s predecessor, in October 2007 from TriNorth Capital Inc. (“TriNorth”). For accounting purposes, TriNorth’s carrying value for Grapevine was nil and the acquisition of Grapevine was recorded at that carrying value.

Grapevine’s business is based in Markham, Ontario and it consists of licensing and selling web-based survey and data collection software to third parties, most of whom are companies based in North America. Its software is used to perform customizable employee evaluations such as 360º employee evaluations , employee surveys, customer surveys, training surveys, web polls and data collection . The business has three full-time employees and engages consultants to provide software programming and upgrading and design services.

The primary business objectives for Aylen over the next 12 months are to grow the revenues of the Grapevine business through increased sales and marketing efforts and to establish Grapevine as a leading Human Resources online survey firm in North America.

The following is a summary of selected financial information for Grapevine over the past three financial years ended December 31 extracted from the audited financial statements of Aylen.

	2018	**2017**	**2016**
Total Revenues	560,714	778,357	830,365
Deferred Revenues(1)	293,651	218,106	249,328
Selling Expenses	428,440	458,263	473,104

(1) Deferred revenues are unearned subscription fees collected from customers amortized on a straight – line basis over the remaining life of the contract.

Grapevine’s revenues have decreased over the past three years as a direct result of less effective sales and marketing efforts and increased competition. The majority of Grapevine’s revenues originate in the US and the majority of Grapevine’s sales are made in US dollars. The weaker Canadian dollar relative to the US dollar during 2018 had a positive impact on Grapevine’s revenues which are recorded in Canadian dollars.

Investments

Leonardo Worldwide Corporation

In November 2018 the Company sold its investment in Leonardo Worldwide Corporation to Jonas Software (the “Purchaser”), an unrelated third party. The proceeds payable to the Company on closing were US $642,000. Two additional amounts of the purchase price payable to the Company in respect the sale are being withheld by the Purchaser (the “Holdbacks”). The first Holdback payable to the Company is approximately US$89,000 and is payable one year after closing and the second Holdback payable to the Company is approximately US$57,000 and is payable two years after closing. The Holdbacks may be reduced by the portion attributable to the Company of any shortfall pursuant to a net tangible asset purchase price adjustment mechanism or any claims for indemnification made by the Purchaser.

The Company’s investment in Leonardo was fully written off in 2015. As a result of the sale, the Company recognized a total gain on the sale of the Leonardo shares of $1,023,000, recognized in other income on the statement of income (loss) and comprehensive income (loss).

Results of Operations

Grapevine had sales revenue of $561,000 and selling expenses of $428,000 for 2018. Sales revenue for 2017 was $778,000 with selling expenses of $458,000. Deferred revenue, which represents unearned subscription fees collected from customers amortized on a straight - line basis over the remaining life of the contract, was $294,000 for 2018 ($218,000 for 2017).

The Company's other primary source of revenue arises from interest and other income from its cash and marketable securities, which for 2018 was a loss of $nil ($4,000 gain for 2017). During the year the Company sold its investment in Leonardo Worldwide Corporation. As a result of the sale, the Company recognized a total gain on sale of the Leonardo shares of $1,023,000, recognized in other income on the statement of income (loss) and comprehensive income (loss).

Under the provisions of IAS 39 Financial Instruments – Recognition and Measurement and IAS 32 Financial Instruments –Presentation and IFRS 7 Financial instruments - Disclosure, unrealized mark-to-market gains and losses on the Company's portfolio of marketable securities held for trading are recognized in computing net income. Such amounts totaled an unrealized loss of $nil for the year. A loss of $1,000 was realized for the year on the sale of marketable securities.

General and administrative expenses were $385,000 for the year. For the year ended December 31, 2017 the general and administrative expenses were $400,000. The decrease of $15,000 in general and administrative expenses in 2018 was the result of a decrease in accounting fees of $44,000, a decrease in salaries of $20,000 and an increase in contract fees of $63,000.

As a result of the foregoing the Company recorded a net income and comprehensive income before taxes of $736,000 ($0.044 per share) for the 2018 year (a net loss and comprehensive loss of $81,000 ($0.005 per share) for 2017).

Under the provisions of IAS1 - Presentation of financial statements, IFRS7 Financial Instruments – Disclosure, IAS 32 – Financial Instruments – presentation, IAS 39 Financial Instruments- recognition and measurement, unrealized gains and losses on the Company's publicly-traded investments available for sale are recognized in other comprehensive income, net of taxes. There is no other comprehensive income in the current period and for the year.

Summary of Quarterly Information

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenue								
Sales	127,737	159,189	132,403	141,385	227,728	146,975	208,661	195,043
Interest and other income	31	-	34	292	775	1,218	1,416	1,015
Realized gain on sale of shares in private company and other income	1,022,622	-	-	-	-	-	-	-
Gain (loss), realized and unrealized, on marketable securities	-	-	(96)	(810)	4,568	4,623	(6.081)	3,369
Net Comprehensive Income (Loss)								
Total before taxes	908,157	(52,166)	(65,928)	(54,470)	17,401	(63,707)	(8,639)	(26,306)
Per Share	0.053	(0.003)	(0.004)	(0.003)	0.001	(0.004)	(0.00)	(0.002)
Per Share diluted	0.051	(0.003)	(0.004)	(0.003)	0.001	(0.004)	(0.001)	(0.002)

Revenues at Grapevine are subject to the influences of North American economic conditions and are also subject to some seasonal fluctuations. The demand for Grapevine’s product offerings, which consist primarily of surveys and polls for businesses, including employee surveys and evaluations, is directly affected by economic conditions generally. In difficult economic times such as the period from 2008 to 2010, businesses tend to reduce discretionary spending, which would include Grapevine’s products and conversely in more robust economic times spending on discretionary items tends to increase. In addition there is a limited amount of seasonality to Grapevine’s revenues. In previous years, businesses tend to conduct the majority of employee surveys and polls at or towards the end of the calendar year and sales tend to slow down in the summer months due to vacations. As a result Grapevine’s sales historically have been somewhat stronger in the fourth and first quarters and have tended to be somewhat softer in the second and third quarters.

Liquidity and Financial Position and Capital Resources

The Company’s ability to generate sufficient cash to fund its operations and working capital requirements depends upon the following factors: (i) the ability of the Grapevine business to generate positive cash flow, and (ii) the interest, other income and proceeds, if any, from the sales of the Company’s portfolio of marketable securities. Grapevine’s ability to generate positive cash flow from its business requires it to have revenues in excess of its costs. The table set out below shows Grapevine’s revenues and costs for the three years 2016 to 2018 inclusive and the net amount of cash generated by Grapevine and the portfolio of marketable securities which is available to fund other Company expenses. The cash generated by Grapevine and from the interest and gains from the portfolio of marketable securities has not been sufficient to cover the Company’s general and administrative expenses and in 2016 and 2017 the Company has experienced negative cash flow and negative working capital as shown in the following table.

Summary of Cash Flow and Working Capital

	2018	2017	2016
Grapevine revenues	560,714	778,357	830,635
Grapevine costs (selling expenses)	428,440	458,263	473,104
Interest, other income	357	4,424	4,693
Net amount of cash available to fund other Company expenses	132,631	324,518	362,224
Proceeds from sale of marketable securities, net of purchase and proceeds from sale of investment	852,113	20,539	20,539
Company's working capital	488,203	(217,739)	(147,362)

At December 31, 2018, the Company had working capital of $488,000 after deducting deferred revenue of $294,000. In 2016 and 2017 the Company had a working capital deficiency after deducting deferred revenue.

With respect to the Company's working capital requirements, the general and administrative expenses of the Company were $385,000 in 2018 which was an decrease of $15,000 over the $400,000 in general and administrative expenses for 2017**.** The general and administrative expenses in 2018 are substantially all committed and non-discretionary expenses and are representative of the approximate amount of general and administrative expenses which would likely be incurred by the Company in a year in the normal course of business.

Current liabilities were $387,000 at December 31, 2018, and this amount includes $294,000 of deferred revenue which represents the unearned portion of subscription fees collected from customers amortized on a straight – line basis over the remaining life of the contract. Accounts payable and accrued liabilities were $93,000 at December 31, 2018.

The guaranteed investment certificate included in working capital together with cash and cash equivalents was $725,000 at December 31, 2018. Accounts receivable included in working capital were $7,000 at December 31, 2018. Aylen has sufficient cash, cash equivalents to provide liquidity to the Company for the next 12 months.

These capital resources and credit facility and the income, if any, from the operations of Grapevine, are used to fund Aylen's financial requirements.

Analysis of Financial Condition and Financial Performance

The financial condition of the Company is directly dependent on the performance of Grapevine. In 2018 Grapevine's revenues were $561,000 which was a decrease of 28% over the previous year.
The majority of Grapevine's customers reside in the US. The products offered by Grapevine are heavily focused on the human resources sector of businesses and include products such as employee surveys and evaluations. These products represent discretionary, non-critical expenses for most businesses.

The decrease in sales in 2018 and 2017 compared to the prior years was primarily a result of less effective sales and marketing efforts and increased competition in the year.

Related Party Transactions

The following related party transactions occurred and were reflected in the financial statements during the years ended December 31, 2018 and 2017 as follows:

		Years Ended December 31, 2018		2017
Legal fees paid to a firm of which the CEO was counsel	$	7,005	$	1,799

Remuneration of key management

		Years Ended December 31, 2018		2017
Salaries	$	220,000	$	252,500
Directors' fees	$	15,000		22,500
Consulting fees	$	62,500		30,000
Stock options	$	8,703		11,675
Total	$	304,463	$	316,675

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiary including the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors and the Chief Executive Officer.

Included in accounts payable and accrued liabilities are management fees of $nil, directors' fees of $nil and consulting fees of $2,168 (December 31, 2017 - $nil and $2,825) and legal fees of $1,158 (December 31, 2017 - $149) due to a firm of which the CEO was counsel prior to December 31, 2018.

During the year ended December 31, 2018, the Company received a secured line of credit totaling $70,000 from the President and CEO (note 11). As a result, interest of $2,004 and additional fees of $7,369 have been paid to the President and CEO. As at December 31, 2018, all amounts have been repaid by the Company.

Analysis of Fourth Quarter

The economy in North America, particularly in the US where the majority of Grapevine's customers are based, was largely unchanged in the fourth quarter of 2018. Revenues of Grapevine for the three months ended December 31, 2018 were $128,000 ($228,000 for the same period in 2017). Selling expenses were $112,000 in the fourth quarter compared with $112,000 in the fourth quarter of 2017. Deferred revenues, which are unearned subscription fees collected from customers amortized on a straight – line basis over the remaining life of the contract, were $294,000 at the end of the fourth quarter of 2018 ($218,000 for the same period in 2017).

The Company's other primary source of revenue arises from interest and other income which for the fourth quarter of 2018 was $nil.

Under the provisions of IAS 39 Financial Instruments – Recognition and Measurement and IAS 32 Financial Instruments – Presentation and IFRS 7 Financial instruments - Disclosure, unrealized mark-to-market gains and losses on the Company's portfolio of marketable securities held for trading are recognized in computing net income. Such amounts totalled an unrealized loss of $nil in the fourth quarter of 2018.

General and administrative expenses totalled $88,000 for the fourth quarter of 2018 ($103,000 for the same period in 2017).

Under the provisions of IAS1 - Presentation of financial statements, IFRS 7 Financial Instruments – Disclosure, IAS 32 – Financial Instruments – presentation, IAS 39 Financial Instruments- recognition and measurement, unrealized gains and losses on the Company's publicly-traded investments available for sale are recognized in other comprehensive income, net of taxes. There is no other comprehensive income in the fourth quarter and in the year.

As a result of the foregoing the Company recorded net income and comprehensive income before taxes of $908,000 ($0.053 per share) for the fourth quarter of 2018 (a net loss and comprehensive loss of $64,000 ($0.004 per share) for the fourth quarter of 2017).

Directors and Officers Compensation

The following table sets out all compensation payable to directors of the Corporation for their services as directors in the year ended December 31, 2018.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Douglas Babcook	5,000	Nil	3,481	Nil	Nil	Nil	8,431
William Hale	5,000	Nil	3,481	Nil	Nil	Nil	8,431
John Pennal	245,000	Nil	Nil	Nil	Nil	Nil	245,000

Commitment

The Company has contracted with a third party to provide operations and sales management services to Grapevine for an annual fee of $103,600 plus applicable taxes. The contract may be terminated by either party on one month's notice. The contract may be terminated by the Company on four (4) months' notice.

Risk Factors and Risk Management

Aylen shareholders and potential investors in Aylen should carefully consider the following risk factors when evaluating Aylen and its common shares.

An investment in Aylen's shares involves a number of risks, many of which are beyond its control. The risks and uncertainties set out below are all of the known risks which are deemed to be material to the Company's business or the results of its operations. When reviewing forward-looking statements and other information contained in this prospectus, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry-specific factors that may adversely affect the Company's future results. If any of these risks should actually occur, the Company's business, financial condition, results of operations, cash flows and prospects could be harmed. Such risks and uncertainties are not the only ones the Company faces. Additional risks and uncertainties of which the Company is currently unaware or that are deemed immaterial may also adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

Negative Cash Flows

From the outset the Company has had negative cash flow from its operating activities and, as a result, it has had to fund its operations with cash on hand. The Company's cash on hand as at December 31, 2018 was $725,000.

Lack of Diversification of Investments

Due to the small size of the Company and the fact that it has only the Grapevine business, the Company is subject to a greater risk of a downturn in that industry than it would be if it had a diversified portfolio of investments. A concentration of the Company's invested funds in its Grapevine business means that in the event that such business is unsuccessful or experiences a downturn, this will have a direct material adverse effect on the Company's business, results from operations, and financial condition. It also means that the Company is more exposed to business cycles than it would be if it owned a larger number of investments which were diversified over various industries with differing business cycles in different geographic areas.

Industry Risks

The Grapevine business is subject to the risks inherent in the industry in which it operates. Grapevine's business is very dependent on the continued demand for on-line surveys and polls by businesses, particularly those surveys and polls relating to employees, and particularly in North America. Its business would be adversely affected by a significant downturn in its particular industry segment or a change in the demand by consumers for its products and services.

Competition

Grapevine faces intense competition, including competition from other companies with greater financial and other resources, and more advanced technological development. There can be no assurance that Grapevine will be able to successfully compete against its competitors or that such competition will not have a material adverse effect on its business, financial condition, results of operations and cash flow.

Effect of General Economic Conditions

Grapevine's results of operations in the period prior to 2010 were adversely affected by the global economic downturn and there is a significant risk that global economic conditions or economic conditions in North America will deteriorate again which will have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. Its products and services represent discretionary expenses to the customers they serve and would be among the most likely expenses to be eliminated if economic conditions deteriorate.

Currency Fluctuations

The majority of the Company's costs are incurred in Canadian dollars and more than half of its revenues are received in U.S. dollars. A deterioration in the value of the U.S. dollar against the Canadian dollar will have a significant negative effect on the Company's revenues, financial condition, results of operations and cash flows. The Company does not use currency derivatives to hedge against adverse currency fluctuations.

Legal Claims and Other Contingencies

Aylen and Grapevine may become parties to law suits, claims and litigation arising in the ordinary course of business.

Such law suits could result in significant costs and the outcome of such law suits could have a material negative impact on the Company's financial position, operating results, or the Company's ability to continue to carry on its business activities.

Lack of Market for Aylen's Shares

The Company's common shares are listed on the Canadian Securities Exchange. The Company's shares are thinly traded and there may not be a liquid market for the shares from time to time and any market price for the shares may not reflect the underlying value of the Company's business and assets.

Internal Controls

Disclosure controls and procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's disclosure controls and procedures.

Internal controls over financial reporting

Management of the Company is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's internal controls over financial reporting.

International Financial Reporting Standards

The Company's financial statements for the year ended December 31, 2018 and the comparative information presented in the financial statements for the year ended December 31, 2017 have been prepared in accordance with IFRS applicable to the presentation of financial statements.

Future Direction

The Company's main objective is to grow the revenues of its Grapevine business but this may require the investment of significant additional capital.

Outstanding Share Data

The Company has authorized an unlimited number of common shares, an unlimited number of Class A common shares and an unlimited number of preferred shares issuable in series. As at the date of this MD&A, and as at December 31, 2018 and December 31, 2017, there were 16,856,632 common shares issued and outstanding and there were no Class A common shares and no preferred shares outstanding.

Date and Other Available Information

Unless otherwise indicated, the information contained in this MD&A is as of April 30, 2018.
Additional information concerning the Company including its regulatory filings may be found on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.